dezenhall
resources, LTD.

FINANCIAL SERVICES:
STOPPING A WALL STREET SHORT SELLER

PUBLIC AFFAIRS CASE STUDY

our client

Equity firm that is traded on the NASDAQ

the issue

A well-known short seller was waging a public campaign to drive down the stock price of our client, including filing and publicizing a Security and Exchange Commission (SEC) complaint against the firm.

the challenge

The short seller had a proven track record of making good on his short plays, giving him tremendous credibility with the media and regulators. The media embraced the story of a financial firm's malfeasance and was not eager to be persuaded that our client's story did not fit in that usual narrative.

the opportunity

The short seller had an undeserved reputation for honesty and straight dealing. Our research showed he had colluded with another short seller to spread false information on social media about our client. He also had too large a position as a percentage of his portfolio and was desperate to make good on this specific short play.

the plan

We built a persuasive counter-narrative depicting the short seller as a desperate billionaire using underhanded tactics to turn a poor financial decision into a profit. At the same time, we developed a simple way of explaining that while our client's issue was complicated, it was not fraud or malfeasance.

We conducted an aggressive media outreach campaign to cast doubt about the short seller's motives and truthfulness. We also engaged independent financial experts to examine the issue and make public statements in support of our client's business practices. We targeted influential media such as The Wall Street Journal, Washington Post, Associated Press and myriad online financial publications to scrutinize the short seller rather than our client.

the result

In six months, we were able to turn the public perception around. Stories became more balanced, internet disparagement was reduced dramatically and the short seller changed the quantity and tone of his public pronouncements as he was put under more scrutiny.

Ultimately, the stock price of the firm bounced back. The engagement ended when the Securities and Exchange Commission investigation concluded that our client had made a very minor transgression in valuing an acquisition and that the short seller's larger claims of malfeasance were unfounded. The reputation was restored and it was back to business as usual.